

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

February 8, 1977

The nineteenth meeting of the Taxation Committee was called to order on the above date in Room 415 of the Capitol Building at 8:08 a.m.

ROLL CALL: Roll call found all of the members present with the exception of Sen. Goodover.

The following witnesses were present:

Susan Brown	Mont. Energy & MHD Rsearch & Dev.
Ray White	Mont. Assessors Assoc.
Carl C. Seltzer	Assessor, Cascade Co.
Stewart G. Stewart	Good Sam Club
Lloyd Anderson	Treas. State Wheelers
James W. Beck	Dept. of Highways
Gerald F. Rannig	Mont. Auto Dealers Assoc.
Dennis Burr	Dept. of Rev.
Mike Meldahl	Dept. of Justice
Steve Turkiewicz	Mont. Assoc. of Counties
Keith Anderson	Mont. Taxpayers Assoc.
Charles H. Mahoney	Self
Ken Clark	"
Dan Mizner	Mont. League of Cities & Towns
Mrs. Foster	Assessor W.S.S.
Esther Nelson	Self

CONSIDERATION OF SENATE BILL 193: Senator Mathers said his bill was being introduced as a result of meetings last summer with representatives of the Department of Revenue and is a fee system for motor vehicles to be paid in lieu of taxes. He said the system has been adopted in a number of states, and does away with the ad valorem tax. He said the revenue would be approximately the same as is generated now by the present tax. He introduced Mr. Burr to further explain the proposed legislation, and although he stated the Department does not take a position as either proponent or opponent, he felt the Legislature should take a look at the system because of the problems in the last year with motor vehicle registrations. The staggered registration was passed last session and this system has been used since. There were problems with this system too, however, Mr. Burr felt that the proposed legislation in SB193 would solve this problem in that the vehicle owner would be billed for his vehicle fee and moneys would be distributed directly back to the counties.

Mr. Lloyd Anderson next spoke in support of the bill, followed by Mr. Rannig who submitted a statement, Exh. #1, attached. Mr. Keith Anderson spoke next and distributed extensive testimony, Exh. #2, 3, 4, 5, attached. He read his prepared statement, Exh. #2, in support of the bill. Mr. Mizner said he felt this approach to the problem of financing at the local level would be better solved and suggested amendments to the bill as several fees on the fee schedule he felt were out of line. Mr. Stewart next spoke and distributed several exhibits, #6 and #7. The amendments he proposed were contained in Exh. #6 and his statement was in Exh. #7. Ms. Brown next spoke and said she favored vehicles paying fees on their gross vehicle weight, rather than on the age of the vehicle, saying this would represent the energy use of each vehicle. She presented an amendment, Exh. #8, attached.

Other proponents included also Mr. Clark, Mrs. Needles and Mrs. Peterson. Mr. Meldahl stated he was neither for nor against the bill but will be involved in the administration of the bill. He said there could be complications in billing a particular motor vehicle owner should the school districts be abolished as is proposed in a House bill.

Vice Chairman Watt then permitted opponents of the bill to present their testimony and first to speak was Mr. White. He said the assessors have been concerned about the steady deterioration of the tax base in the state. He said assessing vehicles is a lot of work but feels this is a necessary part of the job and feels that the present taxing of autos is the most equitable of any property that is being assessed. Mr. Seltzer spoke next saying he thought the fee schedule was figured on a sales tax basis. He said Cascade County would lose approximately \$2 million under this system. Mr. Turkiewicz said he thought the loss of revenues to the counties would be serious, particularly to the smaller counties, and the amount of the tax loss would have to be paid by another group of taxpayers. Mr. Mahoney also spoke in opposition, calling the system a 'head tax' and Mrs. Foster said there would be a considerable loss to her county, Meagher, and stated that it seemed every year legislation chipped away at the tax base of the counties. Mr. Beck said he neither favored nor opposed the bill, but thought the impact of the legislation would be drastic. He suggested an amendment, to strike section 32-3315, page 32, line 6.

Mrs. Nelson said she too felt legislation in the past years had eroded their tax base and created some very serious problems. She felt real property owners are being discriminated against.


The Vice Chairman asked for other proponents or opponents, and then permitted Sen. Mathers to close. He stated there should be no loss of revenue as it is distributed back to the counties in proportion to their mill levies. He said they had worked out the legislation to be sure there would be no tax loss. He replied to those witnesses who had suggested revising the fee schedule that he would be willing to revise this schedule somewhat

and felt there was some justification in saying that there should be adjustments in the high's and low's of the table. He said taxable valuations would continue to increase under this legislation as well.

Following his closing, Vice Chairman Watt invited those with amendments to present them to the committee. Mr. Stewart had presented amendments, as had Ms. Brown and Mr. Beck and each explained his amendment briefly. The committee then asked several questions and discussed the use of cu. inch displacement as a method of classifying recreational vehicles. There were several suggestions made to change the high and low of the fee schedule.

The Vice Chairman thanked those witnesses who testified and said that due to lack of time, the meeting would adjourn. Continued discussion of the bill will await executive action meeting of the committee.

ADJOURN: Sen. Turnage moved the meeting adjourn; the motion was seconded by Sen. Towe and carried.

  
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WILLIAM MATHERS

CHAIRMAN



Sen. 193  
BILL

SENATE TAXATION COMMITTEE

VISITORS' REGISTER

DATE 2/8/77

NAME	REPRESENTING	BILL #	(check one)	
			SUPPORT	OPPOS
Susan Brown	Montana Energy & MHD Research & Development Inst	SB 193	Amend.	
Ray White	Mont. Amusement Assoc	319 193		✓
Carl C. Gelfin	Assessor Cascade County	193		✓
Gregory Stewart	Good Sam Club	193	Amendment	
Lloyd Anderson	Treasure State Bank	193	yes	
James R. Bush	DOIT	193		
Gerald F. Ranning	Montana Auto Dealers Assoc	SB 193	✓	
James Burr	Dept of Revenue	193		
Mike McDahl	Dept. of Justice	193		
STEVE TURKIEWICZ	MT. ASSOCIATION OF COUNTIES	193		✓
James Malenka	Dept of Revenue	309		
Keith Anderson	Mont Tax	193	✓	
Charles Mahoney		193		✓
Ken C. ...		193	✓	HH
... W. ...	W L C F	193	✓	
Mrs. Foster	Assessor W.S.S.	193		✓
...			Amend.	
...				✓
MRS. NEEDLES	GOOD SAM	193	✓	
MRS. PETERSON	" "	"	✓	

# STANDING COMMITTEE REPORT

.....February 8..... 19 77...

MR. ....PRESIDENT:.....

We, your committee on .....TAXATION.....

having had under consideration .....SENATE..... Bill No. 44.....

Respectfully report as follows: That.....SENATE..... Bill No. 44.....

introduced bill, be amended as follows:

1. Amend title, line 9.

Following: "50-1803,"

Insert: "50-1804,"

Following: "50-1806,"

Insert: "79-309,"

Following: "82-3710,"

Strike: "AND"

Following: "84-1319,"

Insert: "and 89-3607,"

2. Amend page 2, section 1, lines 6 and 7.

Following: "in"

Strike: "an account in the trust and legacy fund"

Insert: "the fund established under 79-309(5)"

3. Amend page 2, section 1, line 12.

Following: line 10

Insert: " (a) To the county in which coal is mined, 1% of the severance  
tax paid on the coal mined in that county until January 1, 1980,  
for such purposes as the governing body of the county may  
determine."

Reletter: subsequent paragraphs .....